

NCA
VOC FOR IOP/FN
BACKGROUND NO. 1-0118
LARRY FREUND/BUDAPEST

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HUNGARY: CONSUMER PALACE IN BUDA

ANNCR:

HUNGARY IS OFTEN SEEN IN EAST EUROPE AS A STRONGLY CONSUMER ORIENTED COUNTRY. RECENT ECONOMIC PRESSURES HAVE SLOWED HUNGARIAN PLANS FOR FURTHER EXPANSION, BUT AS VOA CORRESPONDENT LARRY FREUND REPORTS FROM BUDAPEST, THERE IS EVIDENCE THAT THE HUNGARIAN LEADERSHIP IS STILL GIVING HIGH PRIORITY TO KEEPING THE CONSUMER CONTENT.

VOICE:

ON WHAT WAS ONCE A SPORT-FIELD IN BUDA, WORK IS GOING AHEAD AROUND THE CLOCK TO COMPLETE WHAT WILL BE HUNGARY'S LARGEST AND MOST MODERN DEPARTMENT STORE. THE BUILDING STILL SEEMS FAR FROM COMPLETION, BUT TOP OFFICIALS FOR THE ENTERPRISE PROMISED THAT THEY WILL MEET THE APRIL TARGET FOR THE OPENING. THE FOUR-STORY BUILDING, SHEATHED IN ALUMINUM SIDING IS THE FIRST OF FIVE PLANNED FOR BUDAPEST BY THE NEW SKALA -- HUNGARIAN FOR SCALES -- ENTERPRISE, A NEW ORGANIZATION FORMED BY ABOUT ONE HUNDRED FIFTY HUNGARIAN COOPERATIVE ORGANIZATIONS.

THE ENTERPRISE IS NOT BASING ITS EXPANSION PLANS ON MAJOR POPULATION INCREASES IN BUDAPEST, BUT ON GROWING AFFLUENCE IN THE AREA AND A TURN AWAY FROM TRADITIONAL SHOPPING PATTERNS AND SMALL STORES. SKALA'S SKALA'S GENERAL DIRECTOR, SANDOR DEMJAN, SAYS HE EXPECTS THE NEW DEPARTMENT STORE, BUILT ALONG LINES OF FULL SERVICE STORES IN THE WEST, TO DO marginally better AS A RESULT OF A DECISION BY STATE OFFICIALS TO CHANGE THE MIX OF HUNGARIAN IMPORTS FROM THE

WEST, ELIMINATING LUXURY GOODS SUCH AS SOME CIGARETTE BRANDS, AND EXPANDING OTHER CONSUMER IMPORTS SUCH AS KNITWEAR. THE IMPORT PATTERN CHANGE COMES IN THE WAKE OF THE CONTINUED HUNGARIAN DEFICIT WITH THE WEST.

THE SKALA STORE WILL INCLUDE A NUMBER OF SPECIAL DEPARTMENTS WHEN IT OPENS -- HAIR DRESSERS, TRAVEL AGENCIES, SHOEMAKERS, TAILORS, AND ON THE ROOF, AN OPEN-AIR RESTAURANT. THE EIGHT HUNDRED WORKERS EXPECTED TO MAN THE COUNTERS AT SKALA WILL ALSO RECEIVE A STRONG BONUS IN THEIR WORKING CONDITIONS. THE BUILDING IS AIR-CONDITIONED, INEXPENSIVE MEALS WILL BE AVAILABLE TOGETHER WITH A NURSERY, MEDICAL ATTENTION, PLANS FOR CONTINUING EDUCATION AND A SPECIAL LOW-COST HOUSING ARRANGEMENT.

THE AIM HAS BEEN, AT LEAST PARTLY, TO ATTRACT THE MEN AND WOMEN NEEDED TO RUN THE STORE BUT OFFICIALS SAY THAT THE STRATEGY HAS NOT BEEN COMPLETELY SUCCESSFUL DESPITE THE DISTRIBUTION OF THOUSANDS OF LEAFLETS IN THE BUDA AREA, BOOSTING THE STORE AND SOLICITING JOB APPLICATIONS. HUNGARY'S WORKER SHORTAGE HAS APPARENTLY AFFECTED SKALA AS WELL. NEVERTHELESS, A COMMENTARY ON RADIO BUDAPEST WAS CRITICAL OF PUBLISHED ACCOUNTS OF THE DEPARTMENT STORE'S PLANNED ATTRACTIONS FOR ITS WORKERS, ARGUING THAT THE PUBLICITY WILL DAMAGE THE ENTHUSIASM OF WORKERS IN OTHER LESS-MODERN STORES. SKALA DIRECTOR DEMJAN DISMISSES THE CRITICISM AS THE NARROW-MINDED VIEWPOINT OF ONE INDIVIDUAL.

THE STORE IN BUDAPEST IS EXPECTED TO OPEN IN THE SPRING WITH A FLURRY OF PUBLICITY, ANOTHER FEATHER IN THE HUNGARIAN CONSUMER'S CAP DESPITE HIS WORRIES ABOUT THE ECONOMIC OUTLOOK AT HOME AND ABROAD.

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